



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Approve the Transfer of General Fund Capital Improvement Funds to the Transit Fund to Correct Deficit

MEETING DATE: June 16, 2004

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council approve the transfer of General Fund Capital Improvement Funds to the Transit Fund to correct deficit.

BACKGROUND INFORMATION: At the April 26, 2004, City Council meeting, options for curing the negative \$887,238 Transit fund balance were presented and discussed. This amount is the remaining deficit in the Transit Fund after various Street and Impact Fee Fund transfers were made. The City Manager directed staff to return to Council with recommendations on this matter. Staff considered the following options:

Option 1: Obtain a Measure K advance of Local Street Repair (LSR) funds for future street projects within the Impact Mitigation Fee (IMF) Program. This option is a "Spend to Get" program wherein the City would not actually receive the funds until the project had been paid for. A listing of the projects and the forecast year of funding is provided in Table 1, Exhibit A. Taking an advance of LSR funds will result in a commensurate reduction in the quarterly payment the City receives.

Option 2: Delay Measure K LSR funded projects. Transfer the Measure K LSR funds to the Transit Fund. In the current fiscal year, fund balance is not sufficient to significantly improve the Transit Fund balance. Table 2, Exhibit A presents suggested maintenance projects and costs that might be deferred in the next two fiscal years.

Option 3: Transfer General Fund Capital funds to the Transit Fund. Funds are available now for this transfer.

New Option 4: Transfer Streets Impact Mitigation funds to the Street Fund and then from the Street Fund to the Transit Fund by accelerating the reimbursement schedule for Existing Facilities. In explanation, the IMF Program includes a project that reimburses the General Fund – Street Fund for facilities constructed prior to 1991 that had excess capacity that is being used to serve new development. Each year a percentage of the IMF Streets (Local and Regional) revenues are transferred to the Street Fund. The current balance owed to the Street Fund is \$916,993. This amount of cash is not available, so this option means setting up an IMF interfund loan.

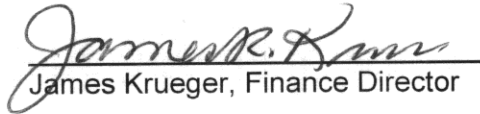
Recommendation from staff is that we use Option 3. This is the only alternative that can be done now. We also note that many of the projects that are part of the deficit Street Funds were used in part to construct; the Multimodal Station, the Parking Structure, and Elm Street.

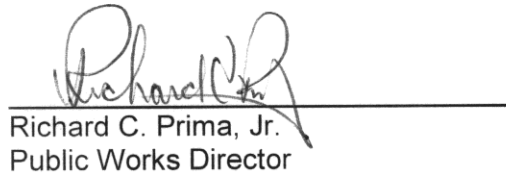
APPROVED:


H. Dixon Flynn, City Manager

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FUNDING:


James Krueger, Finance Director


Richard C. Prima, Jr.
Public Works Director

Prepared by F. Wally Sandelin, City Engineer, and Rebecca Areida, Management Analyst

RCP/FWS/RA/pmf

Attachments

Exhibit A

Table 1
IMF Projects

| <u>Project Name</u> | <u>Project Cost</u> | <u>Year</u> | <u>IMF Fund</u> |
|------------------------------------|---------------------|-------------|-----------------------------------|
| Lower Sacramento Road | \$120,000 | 2005 | Storm, Parks & Rec |
| Century Blvd. | \$205,000 | 2005 | Storm, Parks & Rec, Local Streets |
| Ham/Harney Traffic Signal | \$150,000 | 2006 | Local Streets |
| Lodi Ave. | \$75,000 | 2006 | Local Streets |
| Vehicle Maintenance Shop Expansion | \$238,000 | 2006 | Local Streets |

Table 2
Measure K Projects

| <u>Project Name</u> | <u>Project Cost</u> | <u>Year</u> |
|-----------------------|---------------------|-------------|
| Pine Street Overlay | \$200,000 | 2004/2005 |
| Turner Rd. Overlay | \$550,000 | 2005/2006 |
| Central City Railroad | \$300,000 | 2005/2006 |

RESOLUTION NO. 2004-120

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING
TRANSFER OF GENERAL FUND CAPITAL IMPROVEMENT
FUNDS TO THE TRANSIT FUND TO CORRECT DEFICIT

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WHEREAS, at the April 26, 2004, City Council meeting, options for curing the negative \$887,238 Transit fund balance were presented and discussed; and

WHEREAS, this amount is the remaining deficit in the Transit fund after various Street and Impact Fee fund transfers were made; and

WHEREAS, the following are options to cure the deficit:

Option 1: Obtain a Measure K advance of Local Street Repair (LSR) funds for future street projects within the Impact Mitigation Fee (IMF) Program. This option is a "Spend to Get" program wherein the City would not actually receive the funds until the project had been paid for. Taking an advance of LSR funds will result in a commensurate reduction in the quarterly payment the City receives.

Option 2: Delay Measure K LSR funded projects. Transfer the Measure K LSR funds to the Transit Fund. In the current fiscal year, fund balance is not sufficient to significantly improve the Transit Fund balance.

Option 3: Transfer General Fund Capital funds to the Transit Fund. Funds are available now for this transfer.

New Option 4: Transfer Streets Impact Mitigation funds to the Street Fund and then from the Street Fund to the Transit Fund by accelerating the reimbursement schedule for Existing Facilities. In explanation, the IMF Program includes a project that reimburses the General Fund - Street Fund for facilities constructed prior to 1991 that had excess capacity that is being used to serve new development. Each year a percentage of the IMF Streets (Local and Regional) revenues are transferred to the Street Fund. The current balance owed to the Street Fund is \$916,993. This amount of cash is not available, so this option means setting up an IMF interfund loan.

WHEREAS, staff recommends Option 3. This is the only alternative that can be done now. Many of the projects that are part of the deficit Street Funds were used in part to construct the Multimodal Station, the Parking Structure, and Elm Street.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve Option No. 3 to correct the Transit Fund deficit.

Dated: June 16, 2004

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I hereby certify that Resolution No. 2004-120 was passed and adopted by the Lodi City Council in a regular meeting held June 16, 2004, by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hitchcock, Howard, and Land

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – Mayor Hansen

ABSTAIN: COUNCIL MEMBERS – None

A handwritten signature in black ink, appearing to read "Susan J. Blackston". The signature is fluid and cursive, with the first name "Susan" and last name "Blackston" clearly distinguishable.

SUSAN J. BLACKSTON
City Clerk